

COUNTRYSIDE ALLIANCE BACKGROUND NOTE

DIGITAL ECONOMY BILL, 2R

HOUSE OF LORDS

Tuesday 13 December 2016



The Countryside Alliance calls for:

- **The introduction of the Universal Service Obligation which will ensure much needed digital connectivity in rural areas.**
- **Reform of the Electronic Communications Code to enable a speedier roll out of mobile connectivity whilst still recognising rights of landowners.**
- **The power for customers to be able to switch suppliers with ease and for providers to fairly compensate their customers when things go wrong.**

Introduction

- The Countryside Alliance welcomed the Digital Economy Bill when it was published in the summer and the commitment to deliver a Universal Service Obligation (USO) of 10Mbit/s as part of this, which will ensure that much needed digital connectivity is achieved in rural areas. The Bill has given rural businesses and farmers hope about the future of broadband in rural areas.
- The Bill is intended to *"modernise our climate for enterprise, making sure Britain remains at the forefront of the global 21st century economy so that our businesses continue to create jobs and our families remain financially secure"*. The Bill promises to give every household a legal right to a fast broadband connection, help telecommunications providers build the infrastructure needed for faster broadband and better mobile networks and allow consumers to be automatically compensated for poor service.
- The Countryside Alliance believes that high speed broadband is an essential service alongside water, electricity and gas; but is nowhere near as available in rural areas as it is in urban areas. This view is shared by Ofcom and highlighted in their Connected Nations Report published in December 2015.
- Continued poor connectivity in rural areas is a missed opportunity for economic development and these gaps and weaknesses need to be addressed as a priority.
- Nearly half of all premises in rural areas across the UK are still receiving speeds of less than 10Mbit/s. This continues to be a particular problem for many consumers in rural areas. Around 1.5 million, or nearly 50% of, rural premises are connected by lines that are unable to receive speeds higher than 10Mbit/s and one in five rural premises are unable to receive speeds higher than 5Mbit/s.
- The UK Government needs to consider how the Universal Service Obligation is going to be delivered and allocate resources to ensure that 10Mbit/s can be accessed in all premises across the UK.

Universal Service Obligation (USO)

- In November 2015 the Government announced that work was commencing to introduce a Universal Service Obligation (USO) of 10Mbit/s for broadband speeds across the country.
- The USO is a welcome step forward on bridging the digital divide where there has been market failure in delivering broadband to all parts of the UK. The BDUK project has gone some way to correcting this market failure but has failed to deliver in some of the more remote parts of the country. Delivering better coverage to the final 5% is a complex and critical task, and needs careful planning and consultation with industry and communities.
- As the Universal Service Obligation has become a reality in policy terms and the superfast rollout programmes move forward, the UK Government needs to address the issues faced by businesses and households in the more remote and rural areas of the country in order to ensure the USO is delivered and exceeded where possible. The minimum speed of 10Mbit/s is a great start but it must be flexible and be able to increase to meet the needs of rural communities and businesses as technology and requirements develop.
- The Government has long pledged to deliver a minimum download speed of 2Mbit/s for all through their Universal Service Commitment (USC), although the delivery of this has been repeatedly delayed and often seemed to be in conflict with the goal of ensuring that 95% or more of the UK can access a superfast broadband (24Mbps+) speed by 2017/18. Neither of these are legally binding. It is imperative if the USO is going to be effective, then it is legally binding, which is the key difference.
- The USO would be a complement, not replacement, for the on-going deployment of 24Mbit/s + capable “superfast broadband” services to 95-96% of the UK by 2016/17.

Concerns about the USO

- There has been very little technical detail on what the USO looks like, how the USO will be delivered or what the technical capability will be (e.g. will the 10Mbit/s apply to upload speed as well?). Nor how much it will cost or how it will be funded.
- Given the geography and population densities of different areas of the UK it is clear that there will be locations where the length of the line to individual premises will mean that delivery of even 10Mbit/s is difficult, if not impossible, through fibre cables. Distances between exchanges and premises reflect the lower population densities and disparate nature of dwellings in rural areas.
- There has been some suggestions that the Government could water down the USO through the use of satellite. In fairness this may be unavoidable for some extremely remote properties, but it must not be used as a cheat for all situations.
- We recognise that the industry has concerns about a USO and how it could act as a disincentive for investment in future technology roll out. However, this should not be a barrier to the Government and Ofcom undertaking work to investigate the feasibility of a USO and all the benefits it would bring.

- It is important that the Government views a USO as one of a range of options to deliver broadband to the last 5%. More could still be done to drive private investment in digital infrastructure and it is important that this work continues. Any USO would need to be commercially viable for operators and ensure that any impact on competition is limited.

Electronic Communications Code (ECC)

- The Countryside Alliance welcomes the Government commitment to improving rural connectivity and tackling mobile phone partial not-spots around the country. Increasing demand for data, especially in the light of developments in technology, is putting pressures on mobile operators from customers for improved connectivity. In addition, the Government ambition for all government services to be online and households to be digitally connected has resulted in the need to upgrade and improve mobile networks, especially in rural areas.
- The mobile network is a crucial piece of national infrastructure in both economic and social terms and should be treated as such. This is why we welcome the Government commitment to reform the out-dated Electronic Communications Code in the Digital Economy Bill. This should make it easier to upgrade equipment and for new masts and other infrastructure to be built – something the Countryside Alliance has long campaigned for. However, any reform of the Code still needs to reflect the rights of landowners. On this note it is disappointing that the Government abandoned the proposals on land valuations and the principle of market value at the last moment, which has created uncertainty in rural areas.

Switching and compensation

- The Countryside Alliance recognises with the variety of communication service packages and offerings available, consumers need to be able to easily identify the right services for them. This Bill will give customers the power to switch suppliers with ease, including when they buy multiple services from a provider, and will make sure providers properly compensate their customers when things go wrong.
- At present it can take 10 working days (two weeks) to switch between broadband and phone providers (sometimes longer if you have to cancel the old service first). If you are a rural business or household reliant on the internet or phone line then loss of service can have very real consequences, such as on their ability to communicate and do business or shopping online etc.
- The addition of a new right for consumers to automatic compensation when things go wrong with their broadband service is, in theory, very welcome. At present the issue of compensation for home broadband, phone and or mobile faults remain complicated and one that is often subject to the whims and contract terms of your chosen ISP.

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